



QUEENSLAND FARMERS' FEDERATION

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Submission to the Finance and Administration Committee

FARM BUSINESS DEBT MEDIATION BILL 2016

29 September 2016

The united voice of intensive agriculture



Queensland Farmers' Federation

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of 17 of Queensland's peak rural industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland primary producers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland
- Queensland Chicken Growers Association
- Queensland Dairyfarmers' Organisation
- Burdekin River Irrigation Area Committee
- Bundaberg Regional Irrigators Group
- Central Downs Irrigators Limited
- Fitzroy Basin Food & Fibre
- Flower Association of Queensland Inc.
- Pioneer Valley Water Board
- Pork Queensland Inc.
- Queensland Chicken Meat Council
- Queensland United Egg Producers
- Australian Organic
- Queensland Aquaculture Industries Federation.

Background

QFF welcomes the opportunity to provide comment to the Queensland Parliament Finance and Administration Committee (Committee) on the Farm Business Debt Mediation Bill 2016 (Bill). QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.

QFF was consulted by the Department of Agriculture and Fisheries (DAF) on 28 July 2016 when the Bill was in draft form, and provided feedback to DAF on that draft. Following consultation with our members, QFF raised a number of questions and concerns about the Bill in a letter to DAF (2 August 2016). QFF notes that a number of changes were made to the draft Bill in line with some of our suggestions, but remains concerned with some elements of the Bill before the Parliament.

The Bill will replace the current voluntary debt mediation system, the Queensland Farm Finance Strategy (QFFS). The QFFS has operated reasonably successfully on a pro bono basis for 20 years. However, QFF acknowledges the current system can be improved. For example, the current system is less than

satisfactory when the demand for services are high, largely due to its limited resourcing. For these reasons, QFF and members have supported the preliminary process to develop nationally consistent farm debt monitoring and mediation processes.

Key areas of concern

1. Conflict of interest

The Bill replaces QRAA with the Queensland Rural and Industry Development Authority (QRIDA) and expands its functions. As well as remaining a lender and increasing other lending functions, QRIDA would accredit mediators and decide applications for an enforcement action suspension certificate or exemption certificate. QFF has previously raised this conflict of interest with DAF.

There is a risk of perverse outcomes which could potentially affect landholders, the banking sector and the stability of mediated processes this Bill aims to strengthen. The perception of QRIDA being a fair and equitable administrator will likely be compromised in the rural sector. QFF suggests the Office of the Queensland Ombudsman or the proposed Office of Rural Affairs could accredit mediators and determine the direction of applications to prevent any conflict of interest issues arising.

2. Appeals process time limit

The Bill should include a time limit to any appeals process. In its current form, if a decision through mediation is challenged there is an appeal process through an internal review by QRIDA. If this is still unsatisfactory for the aggrieved party, it can then be challenged through the Queensland Civil and Administrative Tribunal. QFF understands that this could extend the appeals process to 18 months. This is unsatisfactory and the Bill should ensure closure can occur quickly and efficiently. A protracted process may adversely affect farmers and will tie-up assets that secure the debt for longer than is necessary.

3. Consistency with New South Wales legislation

QFF supported the draft Bill in principle based on it being consistent with the New South Wales *Farm Debt Mediation Act 1994* (NSW Act) and the general industry-wide support for national consistency. The Bill before Parliament contains a number of amendments to the earlier draft and it now lacks consistency with the NSW Act, so any (likely future) move to a national standard in farm debt mediation will require a reworking of the Bill.

Further, it must be noted that the NSW Act was amended following a National Competition Council Report¹. The report recommended 'making the Rural Assistance Authority decisions on mandatory farm debt mediation subject to review by the Administrative Decisions Tribunal'; removing a conflict of interest.

4. Transition Support for farmers

Farm debt mediation is one response to a complex and stressful problem. QFF also notes the need to increase services available for farmers transitioning from farming to ensure they are skilled and equipped

¹ Assessment of governments' progress in implementing the National Competition Policy and related forms 2004

to continue to make contribution in their rural communities. QFF would like to see education and training packages made available to farmers leaving their businesses. Retraining and upskilling farmers enables them to take advantage of local opportunities, which helps stimulate regional and rural economies.

Conclusion

New compulsory farm debt mediation legislation in Queensland must be an improvement on the current voluntary arrangements in place under the QFFS. QFF considers that addressing the four key areas of concern outlined will help ensure this is the case. In its current form the Bill will likely make the mediation process more onerous for farmers and lenders, realise an actual or preserved conflict of interest for QRIDA, and make any transition to a national farm debt mediation scheme more difficult.